

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (09/01):**

**BUTTER:** Grade AA closed at \$1.1700. The weekly average for Grade AA is \$1.2033 (+.0183).

**CHEESE:** Barrels closed at \$1.2200 and blocks at \$1.3350. The weekly average for barrels is \$1.1875 (+.0255) and blocks, \$1.2930 (+.0055).

**NONFAT DRY MILK:** Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

**BUTTER:** The market tone is unsettled. Churning activity across the country varies, as milk and cream supplies seasonally fluctuate. However, as milk bottling schedules increase to meet the school lunch demand, more cream is expected to be available from the standardization that occurs. Demand for butter ranges from steady to occasionally improved, although some slowdown is noted in resort areas as they begin to scale back as the summer vacation season comes to a close with the upcoming Labor Day weekend. Lighter churning activity is providing less fresh butter for current needs thus inventoried stocks are being used to supplement orders. Most inventories are lower when compared to the previous week, but continue to run heavier than last year at this time.

**CHEESE:** The cash cheese market is unsettled. In light of the heavy stocks, buyers, particularly of barrels, need to purchase several loads to maintain or increase the current cash prices at the Chicago Mercantile Exchange. Milk and cheese supplies are tightening, particularly east of the Rockies. However, supplemental cheddar volumes continue to be available from the West. Medium and aged cheddar offerings are increasing. Mozzarella interest has improved seasonally with the reopening of schools. Swiss supplies are tight with interest fairly good. CCC purchased 198,000 pounds of Midwestern process cheese under the price support program, the first activity since June.

**FLUID MILK:** Heading into the Labor Day weekend, national milk production is trending seasonally lower, but breaks in hot weather patterns have resulted in milk rebounds in several areas of the country. Milk output ranges from slightly lower to slightly higher. Fluid milk demand is higher to fill orders from schools and colleges. The upcoming Labor Day weekend is expected to create no problems handling milk supplies. Florida and other Southeastern states continue to bring milk in from other areas to supplement local production. Volumes were increased this week to supply school lunch programs. Milk production is trending slightly lower across the Upper Midwest. In the Northwest, production patterns are following seasonal trends. Weather related problems have been minimal. Milk production is rebounding in some areas of California following a break in hot weather conditions. Other areas are trending seasonally lower.

**DRY PRODUCTS:** Nonfat dry milk prices are holding mostly steady across the country. Supplies remain in excess of current demand and surpluses

continue to be cleared to the CCC. No new activity under DEIP is occurring. Direct export sales have stopped and further sales would need pricing levels between the U.S. and world market prices to narrow further. Production is seasonally lower, but producers are expecting a spike over the holiday weekend. Dry buttermilk prices are steady to higher. Trading activity is very light and characterized as nominal in most regions. Drying is seasonally light. Dry whey prices are lower in all regions. Large volume, producer offerings of whey are available at lower prices. Demand is slow from both feed and food accounts. Export sales are helping move current product, but new orders are slow to redevelop. Production levels are most often steady to lower. The WPC market is mixed. Producers are in better balance with limited offerings and some are trying to reestablish premium structures. However, WPC is available from resale channels at discounts. Lactose prices are unchanged, but the market tone remains weak. Lower prices have stimulated export demand and more fourth quarter contracts are being finalized.

**CCC:** During the week of August 28 - September 1, net CCC purchases totaled 6,308,874 pounds of nonfortified and 1,035,882 pounds of fortified NDM from the West. In addition, 198,000 pounds of process cheese was purchased from the Midwest, the first offering since June.

**CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the August 2000 final prices under the Federal Milk Order pricing system: Class II \$12.56 (down \$.02 from July), Class III \$10.13 (down \$.53); and Class IV \$11.87 (unchanged). Product price averages used in computing Class prices are: butter \$1.1520, NDM \$1.0108, cheese \$1.1660, and dry whey \$.1929. The Class II butterfat price is \$1.2729 and the Class III/IV butterfat price is \$1.2659. Further information may be found at: [www.ams.usda.gov/dairy/fmor\\_announce.htm](http://www.ams.usda.gov/dairy/fmor_announce.htm)

**JUNE FLUID MILK SALES (DAIRY PROGRAMS):** During June, about 4.1 billion lbs of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 0.5% lower than June 1999. On an individual product basis, sales of whole milk, reduced fat (2%), and low fat (1%) milk increased from June 1999, while sales of fat-free (skim) milk and buttermilk decreased. Total fluid milk sales for the January-June 2000 period were 0.6% lower than the same period last year. Data for 1999 have been adjusted for changes in the FMO marketing areas due to order consolidation and data for both years have been adjusted for calendar composition.

**CONSUMER PRICE INDEX (BLS):** The July 2000 CPI for all food is 168.1, up 2.6% from July 1999. The dairy products index at 160.5, is up 3.1% from a year ago. The following are the July to July changes for selected products: fresh whole milk +6.9%, cheese +1.3% and butter -6.7%.

**\*\*\*\*SPECIALS THIS ISSUE\*\*\*\***

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY AUGUST 28	TUESDAY AUGUST 29	WEDNESDAY AUGUST 30	THURSDAY AUGUST 31	FRIDAY SEPTEMBER 1	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1925 (+.0125)	\$1.1800 (-.0125)	\$1.1800 (N.C.)	\$1.1650 (-.0150)	\$1.2200 (+.0550)	+.0400	\$1.1875 (+.0255)
40# BLOCKS	\$1.3000 (N.C.)	\$1.2700 (-.0300)	\$1.2750 (+.0050)	\$1.2850 (+.0100)	\$1.3350 (+.0500)	+.0350	\$1.2930 (+.0055)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER GRADE AA	\$1.2200 (+.0225)	-----	\$1.2200 (N.C.)	-----	\$1.1700 (-.0500)	-.0275	\$1.2033 (+.0183)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM)

## CHICAGO MERCANTILE EXCHANGE

## MONDAY, AUGUST 28, 2000

CHEESE -- SALES: 8 CARS BARRELS: 1 @ \$1.1850, 2 @ \$1.1900, 2 @ \$1.1925, 1 @ \$1.1950, 2 @ \$1.2000; 4 CARS 40# BLOCKS: 1 @ \$1.2975, 1 @ \$1.3000, 1 @ \$1.2975, 1 @ \$1.3000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 7 CARS BARRELS: 1 @ \$1.1925, 1 @ \$1.1975, 2 @ \$1.2000, 3 @ \$1.2100; 5 CARS 40# BLOCKS @ \$1.3000; 2 CARS SIX-MONTH OLD 40# BLOCKS @ \$1.3000

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 9 CARS: 1 @ \$1.2050, 1 @ \$1.2075, 1 @ \$1.2100, 1 @ \$1.2125, 1 @ \$1.2150, 3 @ \$1.2175, 1 @ \$1.2200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS: 2 @ \$1.2250, 1 @ \$1.4000

## TUESDAY, AUGUST 29, 2000

CHEESE -- SALES: 18 CARS BARRELS: 2 @ \$1.1825, 1 @ \$1.1750, 1 @ \$1.1800, 1 @ \$1.1775, 3 @ \$1.1600, 1 @ \$1.1575, 1 @ \$1.1600, 2 @ \$1.1650, 1 @ \$1.1625, 2 @ \$1.1700, 2 @ \$1.1750, 1 @ \$1.1800; 8 CARS 40# BLOCKS: 1 @ \$1.2950, 1 @ \$1.2975, 1 @ \$1.2950, 1 @ \$1.2925, 2 @ \$1.2900, 2 @ \$1.2825; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 15 CARS BARRELS: 3 @ \$1.1800, 1 @ \$1.1900, 3 @ \$1.1950, 3 @ \$1.1975, 5 @ \$1.2000; 6 CARS 40# BLOCKS: 1 @ \$1.2700, 1 @ \$1.2750, 1 @ \$1.2925, 1 @ \$1.2950, 1 @ \$1.2975, 1 @ \$1.3000; 2 CARS SIX-MONTH OLD 40# BLOCKS @ \$1.3000

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

## WEDNESDAY, AUGUST 30, 2000

CHEESE -- SALES: 15 CARS BARRELS: 1 @ \$1.1650, 1 @ \$1.1625, 1 @ \$1.1600, 1 @ \$1.1575, 2 @ \$1.1500, 1 @ \$1.1600, 1 @ \$1.1500, 1 @ \$1.1600, 1 @ \$1.1650, 1 @ \$1.1700, 1 @ \$1.1725, 1 @ \$1.1750, 1 @ \$1.1775, 1 @ \$1.1800; 12 CARS 40# BLOCKS: 1 @ \$1.2700, 1 @ \$1.2800, 2 @ \$1.2775, 4 @ \$1.2750, 1 @ \$1.2775, 1 @ \$1.2725, 1 @ \$1.2700, 1 @ \$1.2750; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.1800, 2 @ \$1.1850, 2 @ \$1.1900; 4 CARS 40# BLOCKS: 2 @ \$1.2175, 1 @ \$1.2850, 1 @ \$1.2900

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 15 CARS: 1 @ \$1.2175, 4 @ \$1.2100, 1 @ \$1.2075, 1 @ \$1.2150, 1 @ \$1.2125, 2 @ \$1.2150, 1 @ \$1.2175, 1 @ \$1.2200, 1 @ \$1.2150, 1 @ \$1.2175, 1 @ \$1.2200; BIDS UNFILLED: 14 CARS: 1 @ \$1.2075, 1 @ \$1.1650, 1 @ \$1.1500, 1 @ \$1.1300, 10 @ \$1.1100; OFFERS UNCOVERED: 13 CARS: 3 @ \$1.2200, 2 @ \$1.2225, 2 @ \$1.2250, 2 @ \$1.2275, 2 @ \$1.2400, 2 @ \$1.2500

## THURSDAY, AUGUST 31, 2000

CHEESE -- SALES: 10 CARS BARRELS: 1 @ \$1.1550, 1 @ \$1.1800, 1 @ \$1.1550, 1 @ \$1.1800, 1 @ \$1.1450, 1 @ \$1.1425, 1 @ \$1.1525, 1 @ \$1.1600, 2 @ \$1.1650; 4 CARS 40# BLOCKS: 2 @ \$1.2800, 1 @ \$1.2825, 1 @ \$1.2850; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 16 CARS BARRELS: 3 @ \$1.1675, 3 @ \$1.1700, 4 @ \$1.1750, 1 @ \$1.1800, 1 @ \$1.1850, 2 @ \$1.1900, 2 @ \$1.1950; 4 CARS 40# BLOCKS: 2 @ \$1.2850, 2 @ \$1.2900; 2 CARS SIX-MONTH OLD 40# BLOCKS @ \$1.2900

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

## FRIDAY, SEPTEMBER 1, 2000

CHEESE -- SALES: 14 CARS BARRELS: 1 @ \$1.1650, 1 @ \$1.1700, 1 @ \$1.1800, 2 @ \$1.1850, 1 @ \$1.1825, 2 @ \$1.1850, 2 @ \$1.1950, 1 @ \$1.2000, 2 @ \$1.2100, 1 @ \$1.2200; 9 CARS 40# BLOCKS: 1 @ \$1.2875, 1 @ \$1.2900, 1 @ \$1.2950, 2 @ \$1.3000, 1 @ \$1.3100, 1 @ \$1.3200, 1 @ \$1.3300, 1 @ \$1.3350; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 4 CARS BARRELS @ \$1.2200; 2 CARS SIX-MONTH OLD 40# BLOCKS @ \$1.2900

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 14 CARS: 1 @ \$1.2000, 1 @ \$1.1950, 1 @ \$1.1925, 1 @ \$1.1875, 1 @ \$1.1750, 1 @ \$1.1725, 1 @ \$1.1800, 1 @ \$1.1650, 1 @ \$1.1625, 1 @ \$1.1725, 1 @ \$1.1750, 1 @ \$1.1700, 1 @ \$1.1675, 1 @ \$1.1725; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 46 CARS: 1 @ \$1.1700, 2 @ \$1.1725, 1 @ \$1.1750, 2 @ \$1.1775, 1 @ \$1.1800, 1 @ \$1.1825, 1 @ \$1.1850, 1 @ \$1.1875, 2 @ \$1.1900, 3 @ \$1.1925, 2 @ \$1.1950, 5 @ \$1.1975, 3 @ \$1.2000, 1 @ \$1.2025, 4 @ \$1.2050, 2 @ \$1.2075, 1 @ \$1.2125, 3 @ \$1.2150, 4 @ \$1.2175, 6 @ \$1.2200

## BUTTER MARKETS

## NORTHEAST

The market tone is unchanged to a bit firmer. Prices at the CME have increased moderately in the past two trading sessions (August 25 & 28). Churning activity is light in the East as cream supplies tighten seasonally. However, as milk bottling schedules increase to meet the school lunch demand, more cream is expected to be available from the standardization that occurs. Demand for butter ranges from steady to occasionally improved. Fresh butter demand remains fair to good, but stocks are in tighter supply and printers continue to microfix bulk to meet current print orders. Retail orders are about steady. Food service orders are often lighter as resort area outlets start to slow down seasonally. Sales of bulk butter, f.o.b. East, are reported in a range of 3 - 6 cents over the CME price/average.

## CENTRAL

Butter markets are basically steady, although CME cash prices firmed slightly since last week. Churning activity is lower due to lighter volumes of cream. In instances, butter operations are not able to get the desired volumes of cream and are looking beyond regular sources. Often the search is not successful for two reasons. First off, other sources do not have any and if they do, the pricing multiples are higher than buyers are willing to pay. Due to lighter churning, fresh butter supplies are not sufficient to meet current demand, thus stocks from inventory are being used. Inventories are lower when compared to the previous week, but continue to run

heavier than last year at this time. Midwestern producers and handlers are reaching to Western areas to secure additional bulk volumes for current and future needs. Overall butter demand is fair.

## WEST

Bulk butter demand is picking up seasonally. More Western producers are shipping butter to Eastern areas of the country. Cream is also moving long distances into the churns of other regions. Some comments are noted about the difficulty in finding enough trucks, especially tankers, to meet the current demand in a timely fashion. Print orders are about steady, but some slowdown is noted in resort areas as they begin to scale back as the summer season comes to a close with the upcoming Labor Day weekend. Cream supplies in the West going into the churn are also tightening because of milk being sent into the school milk pipelines. Fat tests on incoming milk receipts are also at the low end of the seasonal cycle. The CME weekly butter inventory number has declined rapidly over the past two weeks. During this time period, reports indicate a reduction of 15.2 million pounds. This is easily the largest two-week decline on record. Stocks now stand at 73.1 million pounds, up 16.5% from last year. Current prices for bulk butter range from 4 cents under to 2 cents under the market based on the CME with various time frames and averages involved.

**NASS DAIRY PRODUCT PRICES**  
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
AUGUST 26	1.1896 6,471,816	1.0795 7,367,696	1.0136 18,407,663	1.1562 2,546,412	0.1918 7,772,642

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are fractionally higher on natural cheddar items, sharply higher on process items, and unchanged on Swiss. The market tone is unsettled. At the CME, the price for barrels has been increasing steadily for the past two weeks. The "spread" between blocks and barrels has narrowed from more than 21 cents on August 14 to less than 11 cents on August 28. Cheese output in the Northeast is lighter. As school lunch pipelines get filled, less surplus milk is available to cheese makers. Cheese stocks are adequate to meet most needs. Mozzarella sales are improving along seasonal patterns, but most producers report that mozzarella sales have held up nicely all summer. Orders for process cheese from fast food outlets are slowing, particularly in resort areas as Labor Day marks the end of the summer/vacation season. Many seasonal food stands will be closing after the holiday. Retail sales range from fair to improved, mostly steady.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3250-1.7925
Cheddar Single Daisies	:	1.2825-1.7425
Cheddar 40# Block	:	1.4250-1.6025
Process 5# Loaf	:	1.3725-1.5475
Process 5# Sliced	:	1.3925-1.6500
Muenster	:	1.4850-1.6925
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

## MIDWEST

The cheese market at the Chicago Mercantile Exchange is unsettled as buyers must still purchase significant loads of cheese to maintain or increase current cash prices. Cheese supplies are tightening, mostly east of the Rockies, as milk supplies tighten seasonally with the reopening of schools. Current cheddar sales are usually less than good and aged cheddar offerings are increasing. Muenster sales are good and mozzarella sales continue fairly good. Swiss is probably in the solidest position as producers use product out of inventory while current production is lighter. Most processors and packagers will be taking a 3 day holiday weekend, reducing bulk cheese requirements. Process cheese interest has improved for a few processors as buyers use price protection programs to take advantage of recent price increases in barrel prices. Food service sales to summer vacation areas is down as many operations will close after the holiday weekend. Some cheese is moving to CCC from the Midwest.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3625-1.5600
Brick And/Or Muenster 5#	:	1.5900-1.8500
Cheddar 40# Block	:	1.5900-2.1150
Monterey Jack 10#	:	1.7900-2.1150
Blue 5#	:	1.9850-2.1600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6100-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0000-2.6850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	AUGUST 28 - SEPTEMBER 1, 2000
BARRELS*	:	\$1.1625 - 1.2025 (NOMINAL)
	:	(\$ .0800) (.0325)
40# BLOCKS	:	\$1.2700 - 1.3425 (NOMINAL)
	:	(-\$ .0125) (.0100)

( ) Change from previous week. \* If steel, barrel returned.

## WEST

Contacts are happier now that the barrel/block spread has narrowed somewhat. Most are skeptical that the market can go much higher this fall. Cheese with some age on it is readily available. Current supplies are in better balance. Buyers are often content to work off existing stocks before they are willing to purchase additional supplies. Mozzarella supplies continue to tighten as demand improves for the fall season. Many buyers are having to resort to frozen mozzarella at this time to cover their growing needs. Buyers are watching this market closely and are trying to anticipate their needs very early to have more time to cover their orders. Swiss supplies are tight and demand is good. Western cheese production is heavier than anticipated for this season of the year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3150-1.5750
Cheddar 40# Block	:	1.4125-1.5525
Cheddar 10# Cuts	:	1.5925-1.8125
Monterey Jack 10#	:	1.6025-1.7625
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4500

## FOREIGN

Prices are unchanged to fractionally higher on domestic styles. The market tone is generally unchanged. Retail sales of table cheese are beginning to improve as school-year shopping and in-home dining return to more normal levels in the major urban areas. Supplies range from light to fully adequate.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.6275-3.1225*
Gorgonzola	: 3.2400-5.9400	: 2.1825-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0425-3.0675*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6425-1.9125*
Romano (Cows Milk)	: -0-	: 2.8175-4.9925*
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 2.6500-3.2900	: -0-
Jarlsberg (Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\*=Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
08/28/00	:	28,244 : 143,782
08/01/00	:	34,007 : 144,058
CHANGE	:	-5,763 : -276
% CHANGE	:	-17 : N.C.

## FLUID MILK AND CREAM

## E A S T

Milk production ranges from slightly lower to slightly higher across the Eastern portion of the country. Very hot weather continues in the South Central area and the milk flow is edging lower. However, milder weather covers most of the Southeast and some rain has fallen on drought plagued areas. Rain and slightly cooler temperatures did help milk output to rebound slightly. Milk production in the Northeast is mostly steady. Fluid milk supplies are about adequate and surplus milk volumes are lighter. The upcoming Labor Day weekend will probably have little impact on manufacturing capacities. More schools are now open or reopening next week and bottlers are busy filling the school lunch pipelines. Also, many bottlers will not be taking milk on Labor Day and processing more this week. Florida handlers are pulling in 208 loads this week as schools in the Miami area opened this week and some retail sales were in effect. This week's scheduled imports compare to 126 loads last week and 187 during the same week last year. Handlers in other Southeastern states imported 202 loads of milk from other regions. This compares to 165 loads last week and 375 last year. Milk is being brought in from Michigan, New York, Pennsylvania, Wisconsin, Arizona, and Texas. Manufacturing plant contacts report steady to lighter receipts and most expect little or no trouble handling the holiday weekend milk. The condensed skim market is quite brisk and spot demand is holding up quite well. Suppliers are moving most of the solids as condensed with little left over for drying. Prices are steady. The fluid cream market is mostly steady. Spot prices are steady to higher. Multiples used to determine prices are higher at the low end of the range, steady to lower at the upper end. The butter price at the CME has been increasing and cream buyers are waiting to see if there will be some "extra" cream available late this week and over the Labor Day weekend. At midweek, indications are that cream volumes will be quite well balanced for a holiday weekend. Butter makers, in light of rising prices, are looking for extra cream this week. Ice cream output is about steady as summer consumption patterns start to wind down. Cream cheese production is steady to slightly heavier.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5642-1.7064
DELIVERED EQUIVALENT ATLANTA	-	1.5405-1.7183 M 1.6116-1.6827
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5998-1.7420
PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS		
F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.0500-1.1200
NORTHEAST- CLASS III - SPOT PRICES	-	.8300-1.0300

## M I D W E S T

SPOT SHIPMENTS:	LOADS
AUGUST 25 - 31, 2000	21
PREVIOUS WEEK	21*
COMPARABLE WEEK IN 1999	51

\*REVISED

DESTINATIONS: TENNESSEE 21

Class I demand is stronger, bolstered by the reopening of schools in more areas. Retail feature activity was also boosting sales in some outlets. The shipment total for last week was corrected to show 21 loads to Tennessee. A total of 42 loads of Wisconsin milk are direct shipped to Missouri and 16 to Kentucky and pooled under another federal order. Again this week, several supplemental loads moved from Michigan to an Order 30 bottler. Much larger volumes of milk were also shipped from Iowa, Michigan, and Minnesota to various locations including Missouri and Indiana and locations further South. A couple loads of Wisconsin fluid were also shipped to Ohio for Class II use. Finding tankers and/or truckers remains a problem for some would be shipments. Spot premiums vary considerably, ranging from around \$2.65 over to \$4.00+, with a few loads reported sold at over \$5.00 over class. Manufacturing milk prices

on a light test ranged from around \$2.25 to \$3.50 over class. Cottage cheese and dip production was heavier ahead of the holiday weekend. Milk supplies remain tight, though expected to perhaps ease a bit over the holiday weekend. Cream demand is good and multiples are both higher and lower. Cream interest was often weaker later in the week as some operations will be closed for an extended weekend. Churning is light and producers are finding cream supplies tight. Hot weather continues to impact milk production, mainly below the upper tier of states in the region. Milk production is trending slightly lower in the upper tier of states, but higher temperatures and humidity are expected on Thursday (8/31). Fat and protein tests remain low seasonally.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 24 - 30	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 43.00	\$ 35.50- 40.00
REPLACEMENT HEIFER CALVES	\$330.00-440.00	\$230.00-350.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUG 24 - 30	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 48.00	\$ 33.75- 44.75

## W E S T

July pool receipts of milk in California total 2.721 billion pounds, 10.6% higher than last year. Cumulative pool output through seven months of 2000 totals 18.570 billion pounds (unadjusted for extra day in February 2000), up 8.1% from the comparable period in 1999. The July blend price, at a fat test of 3.55%, is \$11.62, 22 cents higher than June. The percentage of receipts used in Class I products is 19.17%. The July quota price is \$13.00 and the base and overbase prices are \$11.30. These prices are 22 cents higher than last month but \$1.40 lower than July 1999. Milk production is showing some rebounding following more moderate weather across much of California that had been impacted by heat in recent weeks. The reversal is welcomed as many plants have extra capacity. In northern California, milk production is declining from seasonal peaks reached in the last month. Fluid milk pipelines continue to be filled as schools begin sessions. The extra utilization and seasonally lower milk production are leaving manufacturing plants short of milk. The Labor Day weekend is not expected to cause any disruption in milk handling in the state. Little, if any, surplus milk is expected to need to be moved. Cream movements were higher early in the week, but had subsided by midweek. Demand is lower from ice cream producers, but other seasonal production is beginning to take off. Multiples remain across a wide range of 115 to 135 FOB, but may be lowered over the holiday weekend and with higher butter prices. In California, alfalfa prices are reported as fully steady in limited trading. Demand is light with most dairies currently having ample supplies. The influence of heat, humidity and rains in Arizona and New Mexico continues to lower milk output seasonally. New Mexico hay supplies are adequate with prices for alfalfa steady. Some southern areas are harvesting a fifth cutting, while areas in the north are working on third cuttings. Milk production in the Pacific Northwest is following normal seasonal patterns. Weather stress has been minimal all summer on the milking herd. Currently, conditions are drier than normal and grazing is not yielding much feed value. Some contacts are noting that more financial stress is noted among their producers with some considering leaving the industry. Heifer demand remains strong in the region, but few offerings are noted. Hay quality is generally not up to expectations and prices are increasing. Culling rates in the region are light. Some light rain reached into Utah at midweek. This storm came out of the Southwest and may finally indicate a change in weather patterns in the region. Most areas of the northern Rockies have not had any moisture since March. The immediate impact of the dry conditions has been minimal, but contacts are worried about the cumulative impact. Hay quality is generally excellent. Hay stocks seem to be on the light side and may cause some problems during the winter feeding season. Demand for feeder hay is excellent as beef animals come off the range. The upcoming holiday weekend will not cause any processing problems in these two regions.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 08/31/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are unchanged to higher on a steady market. Warmer temperatures and school openings are decreasing the flow of fluid milk into NDM dryers. Production is generally lower as plants seasonally close or operate reduced schedules. Inventories are tight to long with most producers comfortable with their respective position. Movement into government programs continues and is progressively slower as production schedules decline. Demand is fair to good into brokerage and end user firms. High heat prices are generally higher with some plants unable to satisfy spot interest. Standard grade availability is decreasing while off grade product is available at substantial discounts. Mostly prices for report 35 in 1999 were 1.0350 - 1.0550.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0375 MOSTLY: 1.0150 - 1.0250

**DRY BUTTERMILK - CENTRAL**

Prices are nominal and unchanged on a mostly steady market. Most trading is less than trucklot or regular contracted shipments. Supplies are tight with manufacturers anticipating supply shortages throughout September. Demand is fair. Supplies imported from the East are not readily clearing at prices below the Central region range. Aged product is available at .9100 - .9800 FOB. Most buyers are working on inventories and waiting for market declines before purchasing additional spot loads. Condensed continues to readily clear into ice cream manufacture. Prices for report 35 in 1999 were .7400 - .8200.

BUTTERMILK: .9825 - 1.0200

**DRY WHEY - CENTRAL**

Prices are lower on a weak market. Block load shipments remain available at the lower end of the range. Production is lower due to seasonal declines in the milk supply. Inventories are in better balance than last week, however, supplies remain heavier than anticipated for this time of year. Demand is slow into feed, candy and baking accounts. Most movement is occurring on contracted commitments. Trade into export markets is slow as prices must compete with coastal markets. Condensed and off grade product are readily available for the light interest. Mostly prices for report 35 in 1999 were .2000 - .2050.

NONHYGROSCOPIC: .1600 - .1900 MOSTLY: .1750 - .1850

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged to lower as markets react to changes in the Extra Grade market. Milk replacer supplies are in balance to heavy. Some plants are finding it difficult to clear milk replacer product as plenty of Extra Grade is available. Roller ground movement is generally steady. Production is unchanged to higher with most plants comfortable with their inventories. Delactose demand is strong. Supplies are tight with many manufacturers finding it difficult to meet contractual commitments and any extra spot demand. Calf and hog slaughter totals were down in July compared to last year by 11% and 7% respectively. Hog prices are trending lower while the North Central veal market is firm. Milk replacer, roller ground and delactose prices for report 35 in 1999 were respectively .1475 - .1950, .1775 - .2100, .2600 - .3150.

MILK REPLACER: .1300 - .1500  
ROLLER GROUND: .1700 - .1900  
DELACTOSE (Min. 20% protein): .3750 - .4000

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a steady to weak market. Some fourth quarter contracts have been finalized into export markets at the average or higher. Inquiries from export markets are heavy as buyers continue to test the market. Domestic demand is slow with feed movement remaining lackluster. Supplies are mixed with some plants tight or sold out and others running long due to the increased interest in WPC. Domestic firms are competitive with each other into export markets making it difficult for some firms to market their supplies. Off grade supplies remain a burden and deter interest in the Extra Grade market. Plentiful permeate supplies are also competitive with the lactose market. Mostly prices for report 35 in 1999 were .1875 - .1925.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1225 - .2300 MOSTLY: .1650 - .1750

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices and the market tone are mixed. Most manufacturer supplies are sold out or in balance. Some plants are offering below the average on forward contracts while others continue to gain standard premiums on current sales. Resale product is reportedly being offered below the average for the very light interest. Feed buyers are waiting for substantial declines in the market while sellers are somewhat dismayed by last week's price decrease. Most producers are seeking more stable markets in food and export markets until feed demand renews. Veal facilities are generally long on supplies with some operations attempting to resell excess loads. Condensed supplies are very tight with some product reportedly clearing at the average. Demand for high protein product continues strong. Off grade product is readily available at prices that vary depending upon the quality. Mostly prices for report 35 in 1999 were .4300 - .4600.

EXTRA GRADE 34% PROTEIN: .7425 - .7875 MOSTLY: .7525 - .7725

**NONFAT DRY MILK - WEST**

Low/medium NDM prices and the market tone are about steady. Production levels are declining with more milk moving into fluid channels. Demand is light for the spot market, but offerings to the CCC remain strong. Added volumes are expected once DEIP orders are cleaned up in the coming weeks. Direct exporting interest has slowed and would most likely need world and U.S. market prices to converge to make additional sales. High heat prices are unchanged in limited trading. Some seasonal interest is developing and has translated into extra sales. For the week of August 21-25 net CCC purchases totaled 6.4 million pounds of nonfortified and 1.0 million pounds of fortified. All but 0.7 million pounds of nonfortified were from Western sources.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0225 MOSTLY: 1.0000 - 1.0100  
HIGH HEAT: 1.0300 - 1.0750

**DRY BUTTERMILK - WEST**

Western prices are holding mostly steady this week following a slight increase in the mostly range last week. Demand is limited to contracts and occasional spot sales. Off-grade loads are being offered well below the range, depending on the defect. Additional pressure on the market is beginning to develop as buttermilk prices approach NDM prices. Production levels are mixed and expected to increase seasonally. Butter churning is sporadic, but is expected to be higher as fall preparation begins. Buttermilk stocks are light to moderate at the plant level.

BUTTERMILK: .8800 - .9650 MOSTLY: .9000 - .9200

**DRY WHEY - WEST**

The Western whey market is slowing under a combination of lighter demand and heavier offerings. Stocks are increasing at some operations, but they are not yet at a level that is causing much concern. Export sales on the books are continuing to ship, but new sales are slower to develop. Bids from overseas are coming in at lower numbers for future needs. More offerings of off-grade whey are noted. Some is close to extra grade quality, but quite a bit of it is much lower in quality. Current whey production is a little higher than expected outside of those manufacturers that have changed their product mix.

NONHYGROSCOPIC: .1700 - .2025 MOSTLY: .1800 - .1875

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
August 25	\$1.0098	15,436,313
August 18	\$1.0084	10,451,542

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are steady and the market tone is unchanged. Producers and traders alike report that market activity most of August has been very slow. Production levels are steady to lighter. Some plants are doing renovations while surplus milk volumes are so light. This is occurring during a holiday weekend. Most producers do expect milk volumes to be slightly heavier over the weekend, but as bottlers start to "crank it up" Monday or Tuesday, their plant's milk receipts will fall off quickly. Increasing volumes of Grade A milk are moving to Southeastern handlers to meet Class I needs in that area. Powder stocks at the producer level range from sold out to moderate. High heat stocks are in the tightest position as most producers carry limited volumes and make it as needed. Demand is fair and often for replacement needs.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0200 - 1.0500 MOSTLY: 1.0300 - 1.0350

HIGH HEAT: 1.0800 - 1.1000 MOSTLY: 1.0800 - 1.0850

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1100

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are higher and remain nominal. The market tone is unchanged. Most Eastern producers have little to offer on the spot market, but most do expect churning activity to increase over the holiday weekend. This may allow some to make more buttermilk powder. Demand for condensed buttermilk is steady to slower as ice cream production appears to be past its seasonal peak. Demand for dry buttermilk is just fair and buyers are often shopping for the best prices. Reports continue to show resale offerings below the current range.

F.O.B. NORTHEAST: .9300 - .9800

DELVD SOUTHEAST: .9500 - .9850

**DRY WHOLE MILK - NATIONAL**

Prices and the market tone are unchanged. Production is lighter as surplus milk volumes tighten. Some additional milk will be available over the holiday weekend, but most producers are making dry whole milk as needed to fill orders. Demand is generally steady. Plant stocks are balanced.

F.O.B. PRODUCING PLANT: 1.2025 - 1.3200

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2000 THROUGH AUGUST 25, 2000  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 12,750 MT (28,108,650 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady to lower as the market tone is unchanged. However, a weaker market trend in the Midwest is affecting sales and pricing in the East. Spot domestic demand is slow. Contract and export sales are clearing most of the output. Most Eastern producers are fully committed for the next several weeks. Some producers do have product to move and are having to discount prices to attract interest. Export demand seems to be holding up very well and clearing a good percentage of the current output. Domestic spot demand is slow and producers and traders continue to report that there has been little spot market activity during August. Production levels are steady to lighter. Surplus milk volumes are tighter now that school lunch pipelines are being filled. Demand from animal feed makers is fair and falling prices have garnered some additional interest.

F.O.B. NORTHEAST: EXTRA GRADE .1850 - .1950

USPH GRADE A .1950 - .2050

DELVD SOUTHEAST: .2100 - .2300

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels are steady to up slightly as producers try to stock up for the upcoming fall/winter demand. Typically, retail evaporated milk sales peak during the year-end holiday season when home baking is at its peak. The Kansas City Commodity office announced the award of indefinite quantity contracts for evaporated milk under EVD-1, invitation 640 for delivery October 1 - December 31, 2000. The award is for a minimum of 5,324,400 pounds and a maximum of 7,527,600 pounds at prices ranging \$0.4175-\$0.4780.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Casein markets and prices are unchanged, although the market tone remains firm. Stocks of casein are reported to be in close balance for domestic needs. Spot availability is very limited and in most instances, casein is not available on a spot basis on U.S. shores. Stocks and availability in sourcing countries are a concern for domestic buyers. In Europe, the milk production season is winding down, thus year-end milk volumes are very competitive. In Oceania, the milk production season is just getting under way and the overall supply situation out of this region is still unclear. Most domestic buyers anticipate prices to remain firm for at least the balance of the calendar year.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.1800 - 2.2600

ACID: 2.1800 - 2.2900

## CHICAGO MERCANTILE EXCHANGE AND NEW YORK BOARD OF TRADE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	08/16	08/17	08/18	08/21	08/22	08/23	08/24	08/25	08/28	08/29
<b>CME - (CLASS III) MILK FUTURES --</b> Dollars per cwt.										
AUG 00	10.08 (1761) 21	10.08 (1761) 6	10.02 (1743) 2	10.07 (1731) 17	10.04 (1731) 0	10.04 (1731) 15	10.07 (1733) 5	10.15 (1733) 0	10.15 (1733) 0	10.15 (1733) 1
SEP 00	10.65 (1626) 36	10.40 (1632) 19	10.41 (1634) 10	10.50 (1616) 32	10.80 (1624) 15	10.67 (1641) 23	10.91 (1637) 9	10.91 (1618) 16	11.00 (1630) 20	10.90 (1633) 15
OCT 00	10.86 (1631) 12	10.66 (1637) 11	10.75 (1637) 7	10.75 (1638) 9	10.95 (1647) 6	10.75 (1643) 16	11.00 (1640) 20	11.00 (1641) 13	11.12 (1641) 19	10.95 (1641) 16
NOV 00	10.92 (1017) 16	10.70 (1020) 4	10.65 (1023) 3	10.65 (1025) 3	10.74 (1030) 13	10.71 (1034) 12	10.76 (1025) 21	10.85 (1019) 15	10.91 (1015) 14	10.90 (1017) 4
DEC 00	10.90 (821) 44	10.71 (821) 2	10.70 (821) 2	10.56 (825) 22	10.61 (829) 7	10.65 (832) 5	10.70 (842) 11	10.71 (860) 39	10.77 (860) 3	10.77 (868) 14
JAN 01	10.71 (219) 21	10.59 (219) 0	10.58 (231) 12	10.47 (231) 1	10.54 (247) 49	10.45 (248) 3	10.45 (252) 5	10.50 (247) 30	10.59 (247) 3	10.55 (265) 18
FEB 01	10.70 (214) 8	10.55 (214) 0	10.55 (214) 2	10.45 (214) 1	10.50 (216) 3	10.40 (218) 4	10.40 (230) 19	10.49 (230) 53	10.50 (228) 4	10.50 (236) 13
MAR 01	10.70 (199) 5	10.64 (199) 0	10.55 (200) 4	10.45 (200) 0	10.45 (200) 0	10.45 (201) 1	10.40 (209) 11	10.50 (210) 18	10.55 (209) 3	10.50 (215) 6
APR 01	10.61 (142) 54	10.55 (142) 0	10.55 (143) 1	10.35 (143) 0	10.35 (143) 0	10.35 (143) 1	10.35 (146) 5	10.50 (145) 7	10.54 (145) 1	10.55 (155) 17
MAY 01	10.60 (182) 47	10.52 (182) 0	10.52 (200) 18	10.45 (200) 1	10.45 (200) 0	10.45 (202) 2	10.50 (205) 5	10.60 (202) 8	10.55 (204) 13	10.51 (211) 24
JUN 01	11.09 (46) 0	11.01 (50) 8	11.00 (52) 2	10.91 (52) 3	10.91 (52) 0	10.91 (54) 2	10.90 (57) 3	11.00 (52) 7	11.00 (52) 1	11.00 (79) 56

**CME - CLASS IV MILK FUTURES -** Dollars per cwt.

OCT 00	11.65 (263) 0	11.65 (263) 0	11.65 (263) 0	11.65 (263) 0	11.65 (263) 0	11.66 (263) 0	11.66 (263) 1	11.70 (284) 26	11.90 (287) 3	11.90 (288) 2
NOV 00	11.55 (271) 15	11.55 (271) 0	11.56 (271) 0	11.56 (271) 0	11.56 (271) 0	11.56 (271) 0	11.56 (271) 0	11.60 (272) 1	11.75 (272) 0	11.75 (274) 2
DEC 00	11.45 (160) 6	11.40 (176) 16	11.41 (177) 1	11.40 (186) 12	11.40 (186) 0	11.40 (189) 3	11.35 (189) 4	11.40 (189) 0	11.51 (207) 18	11.50 (209) 2
JAN 01	11.34 (50) 0	11.25 (50) 0	11.25 (50) 0	11.25 (52) 3	11.30 (54) 2	11.25 (54) 0	11.25 (54) 0	11.25 (54) 0	11.40 (59) 5	11.35 (64) 5
FEB 01	11.40 (29) 0	11.40 (29) 0	11.40 (29) 0	11.40 (29) 1	11.30 (29) 0	11.30 (39) 10	11.34 (39) 0	11.34 (39) 0	11.35 (39) 0	11.36 (44) 12
MAR 01	11.45 (28) 0	11.45 (28) 0	11.45 (28) 0	11.45 (28) 0	11.45 (28) 0	11.45 (28) 0	11.45 (28) 1	11.45 (28) 0	11.45 (28) 0	11.45 (28) 1
APR 01	11.50 (20) 0	11.50 (20) 0	11.50 (20) 0	11.50 (20) 0	11.50 (20) 0	11.50 (21) 1	11.45 (21) 0	11.45 (21) 0	11.45 (21) 0	11.45 (22) 1
MAY 01	11.65 (44) 0	11.65 (44) 0	11.64 (48) 10	11.50 (55) 7	11.60 (55) 2	11.60 (57) 2	11.50 (58) 7	11.60 (58) 0	11.60 (58) 0	11.60 (63) 10
JUN 01	12.02 (31) 0	12.02 (31) 4	12.02 (31) 0	12.00 (31) 8	11.90 (31) 2	11.90 (31) 0	11.90 (34) 3	11.90 (34) 2	11.96 (34) 0	11.96 (42) 17
JUL 01	12.02 (18) 0	12.02 (18) 0	12.02 (18) 0	12.02 (18) 0	12.02 (18) 0	12.02 (18) 0	12.02 (18) 4	12.00 (19) 1	12.05 (19) 0	12.05 (18) 2

**CME - BUTTER FUTURES --** Cents per pound

SEP 00	114.50 (309) 5	113.25 (304) 5	113.50 (297) 10	113.50 (292) 5	112.75 (287) 18	112.50 (281) 13	111.50 (269) 61	114.00 (266) 25	116.52 (266) 19	116.50 (265) 21
OCT 00	115.00 (300) 7	114.25 (297) 8	114.00 (297) 2	114.25 (294) 4	114.25 (288) 6	113.77 (288) 0	113.75 (283) 24	115.40 (278) 10	117.50 (279) 5	117.25 (279) 0
MAR 01	110.00 (13) 0	110.00 (13) 0	110.00 (13) 0	110.00 (13) 0	110.00 (13) 0	110.00 (13) 0	110.00 (13) 1	107.00 (13) 0	107.00 (13) 0	107.00 (13) 0
MAY 01	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0	111.00 (6) 0
JUL 01	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0	116.50 (3) 0

**NYBOT - MILK INDEX --** Dollars per cwt.

AUG 00	10.18 (65) 0	10.10 (65) 0	10.10 (65) 0	10.05 (65) 0	10.05 (65) 0	10.05 (65) 0	10.05 (65) 0	10.15 (65) 0	10.15 (65) 0	10.15 (65) 0
SEP 00	10.75 (74) 0	10.55 (74) 0	10.45 (74) 0	10.38 (74) 0	10.73 (74) 0	10.70 (74) 0	10.90 (74) 0	10.90 (74) 0	10.90 (74) 0	10.90 (74) 0
OCT 00	11.00 (48) 0	10.65 (48) 0	10.65 (48) 0	10.68 (48) 0	10.90 (48) 0	10.80 (48) 0	10.90 (48) 0	10.90 (48) 0	11.15 (48) 0	11.15 (48) 0
NOV 00	11.00 (33) 0	10.70 (33) 0	10.70 (33) 0	10.70 (33) 0	10.70 (33) 0	10.65 (33) 0	10.80 (33) 0	10.80 (33) 0	11.00 (33) 0	11.00 (33) 0
DEC 00	10.95 (17) 0	10.75 (17) 0	10.70 (17) 0	10.65 (17) 0	10.65 (17) 0	10.65 (17) 0	10.65 (17) 0	10.65 (17) 0	10.80 (17) 0	10.80 (17) 0
JAN 01	10.75 (3) 0	10.55 (3) 0	10.55 (3) 0	10.50 (3) 0	10.50 (3) 0	10.50 (3) 0	10.50 (3) 0	10.50 (3) 0	10.50 (3) 0	10.50 (3) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. At the NYBOT open interest for milk -- 100,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered August 21 - September 1, 2000

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** For the tenth time since October 1999, the EU Commission cut the subsidy for skim milk powder. This was the third cut in three weeks. Since October, the subsidy for skim milk powder has been cut by 56%. Also within the past two weeks, the whole milk powder subsidy was also reduced, the ninth adjustment since October. Over the nine adjustments, the whole milk powder subsidy has been reduced by 37%. The main reason given by the commission was a very tight market for milk proteins with domestic ingredient users increasingly concerned about supply availability for the remainder of 2000. The three consecutive weekly reductions in skim milk powder is causing much unsettledness in domestic and export markets. Milk production in Europe continues to wind down seasonally. The competition for milk volumes continues to be quite strong. Concerns as to how to direct the milk at this time, butter/skim powder, butter/casein, cheese, or whole milk powder are all being weighed. With most of the current season's production committed early on in the year, producers and traders are concerned if late season production will be sufficient to meet all commitments. International buyer interest remains aggressive, although most buyers are fully aware of the lack of supply in Europe, thus minimal new trading activity is occurring out of this region.

**BUTTER/BUTTEROIL:** Butter markets are steady to firm. Milk production is nearing seasonal low levels thus churning activity is declining, although a firm skim powder market is keeping cream volumes heavier than usual for this time of the season. Stocks of butter are reported to be sufficient to fill domestic needs. International buyer interest is slow. Stocks available from PSA are slowly entering the market, but it will be another 4 - 6 weeks before significant volumes become available.

82% BUTTERFAT: 1,300 - 1,500  
99% BUTTERFAT: 1,425 - 1,600

**SKIM MILK POWDER (SMP):** Skim milk powder markets are unsettled. Prices are generally steady to slightly lower. Although prices are basically steady and stocks are limited, recent subsidy reductions are giving cause for prices to possibly adjust in the near future. Domestic prices are reported to be edging lower. Traders are finding it difficult to transact business with weekly subsidy adjustments. Especially when they would apply for a certificate at a particular level, wait the usual five days for processing, and then be informed that their application has been nullified due to another subsidy adjustment during the five day processing period. This situation has occurred each of the past three weeks. Skim milk powder subsidies have been reduced by 56% since October 1999.

1.25% BUTTERFAT: 2,070 - 2,250

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady, although a weaker undertone is developing. European traders report that international buyer interest is somewhat less active. Much of this slower activity is being attributed to the lack of European supply. Stocks of whole milk powder are limited. In most instances, stocks have been previously committed and now filling those commitments is a concern.

26% BUTTERFAT: 2,000 - 2,100

**SWEET WHEY POWDER:** Whey powder markets are steady to slightly weaker. Although skim milk powder demand is strong and supply is limited, cheese production is getting a good portion of the end of the season milk supply. Due to good cheese production schedules for this time of the year, whey powder stocks are reported to be heavier than usual for this late in the season. Slow international buying interest, prices that are higher than buyers are willing to pay, and more favorable prices elsewhere in the world are also contributing to heavier European stock levels.

NONHYGROSCOPIC: 460 - 575

**OVERVIEW: EASTERN EUROPE:** Milk production in Eastern Europe continues to edge lower. As previously reported, lack of moisture in Eastern Europe has limited overall milk output and early reports are indicating that seasonal totals have not attained previous year levels. Stocks of manufactured dairy products are reported as limited. In many instances, current season milk production has been sufficient to generate adequate stocks for domestic needs, with no significant volumes available for export activity. At this point, demand out of Russia for the upcoming winter season is not known. Producers and traders are stating that very minimal buyer activity has developed at this point.

## OCEANIA

**OVERVIEW:** Milk production in the Oceania region continues to seasonally increase. In Australia, early reports indicate that milk output is running quite strong. Water availability continues to be a major concern of many producers. Although milk production is increasing, the spring flush is still a ways off. In New Zealand, milk production is also running equally as strong as in Australia. Weather conditions are favorable for early milk output. International demand for manufactured dairy products is strong. In many instances, new buyer interest is having difficulty locating desired volumes. Most trading activity that is occurring out of the region is with regular/ongoing customers. Some of these customers have been able to secure a commitment from producers to fill their needs into the future. In some instances, manufacturers have committed as much as 50% of their upcoming production. It is still too early to anticipate what additional stock will become available for spot or new buyer interest. Stocks of manufactured dairy products are still reported to be low, but sales and shipments of new production are occurring. Additional volumes of manufactured dairy products are being produced with low inventories starting to be replenished.

**BUTTER:** Oceania butter markets are firm with prices generally higher. The milk production season is just getting underway in New Zealand and Australia, thus churning activity is still low, although increasing. Stocks of butter are being reported as limited. At this point, international demand is unaggressive. It is still too early to anticipate what the supply situation will be in this region above and beyond regular/ongoing needs. In most instances, regular buyer needs and requests are being honored before committing to new buyers.

82% BUTTERFAT: 1,275 - 1,350

**CHEDDAR CHEESE:** Oceania cheese markets are generally steady, with prices steady to slightly lower. Cheese production is seasonally increasing as milk volumes become more available for manufactured dairy products. Cheese demand has been quite steady over the past winter season and remains much the same as the new production season resumes. Cheese stocks are reported to be low at this time, but as the milk production season builds, producers anticipate sufficient stocks for regular/ongoing needs. Most current demand continues to center around regular customer needs.

39% MAXIMUM MOISTURE: 1,800 - 1,900

**SKIM MILK POWDER (SMP):** Skim milk powder markets remain firm with prices unchanged to higher. International buyer interest is strong. It is still early for Oceania producers and traders to acknowledge significant new sales activity. Stocks are reported to be limited and are being committed to regular buyer needs. Oceania traders continue to monitor the European supply situation and do not foresee much improvement before next production season. In the U.S., domestic prices are at or very near international buyer interest prices and reports of sales to Northern Africa are being reported without DEIP bonuses.

1.25% BUTTERFAT: 2,130 - 2,300

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady with prices unchanged to slightly lower. International buying interest is lighter. At this time, most buyer interest continues to center around skim milk powder. Oceania traders feel that due to known limited international supplies, potential buyers are not even questioning availability at this time. It is still early to know what will be available from this region above regular or committed needs.

26% BUTTERFAT: 1,900 - 2,050

Exchange rates for selected foreign currencies: AUGUST 28, 2000

.4087 Dutch Guilder	.4606 German Mark
.1373 French Franc	.4340 New Zealand Dollar
.1084 Mexican Peso	.5716 Australian Dollar
1.4703 British Pound	.0094 Japanese Yen
.2283 Polish Zloty	.9008 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1084) = 9.2250  
That is 1 US Dollar equals 9.2250 Mexican Pesos.  
Source: "Wall Street Journal"



MONTHLY SUMMARY AND AVERAGES FOR AUGUST 2000 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	2000	1999
	-----	-----	-----	-----	-----	Average	Average
	AUG 01 - 04	AUG 07 - 11	AUG 14 - 18	AUG 21 - 25	AUG 28 - 31	or Total	or Total
CHEESE							
MIDWEST COMMODITY CHeddar							
-- Cheddar Barrel s	:: 1.0600 - 1.1875	:: 1.0500 - 1.0725	:: 1.0525 - 1.0975	:: 1.0825 - 1.1700	:: 1.1625 - 1.2025	:: 1.1103	:: 1.7915
-- Cheddar 40# Blocks	:: 1.1400 - 1.3025	:: 1.1450 - 1.2200	:: 1.2325 - 1.2900	:: 1.2825 - 1.3325	:: 1.2700 - 1.3425	:: 1.2551	:: 1.8895
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.3725 - 1.5900	:: 1.2575 - 1.5900	:: 1.2525 - 1.5900	:: 1.2825 - 1.5900	:: 1.3625 - 1.5600	:: 1.4424	:: 2.0192
-- Brick And/Or Munster 5#	:: 1.5500 - 1.8250	:: 1.5500 - 1.7075	:: 1.5500 - 1.7850	:: 1.5500 - 1.8450	:: 1.5900 - 1.8500	:: 1.6782	:: 2.2016
-- Cheddar 40# Block	:: 1.5500 - 2.1150	:: 1.5075 - 2.1150	:: 1.5500 - 2.1150	:: 1.5500 - 2.1150	:: 1.5900 - 2.1150	:: 1.8314	:: 2.1013
-- Monterey Jack 10#	:: 1.7500 - 2.1150	:: 1.7250 - 2.1150	:: 1.7500 - 2.1150	:: 1.7500 - 2.1150	:: 1.7900 - 2.1150	:: 1.9333	:: 2.2145
-- Blue 5#	:: 1.9600 - 2.1200	:: 1.8425 - 2.1200	:: 1.9200 - 2.1200	:: 1.9800 - 2.1200	:: 1.9850 - 2.1600	:: 2.0307	:: 2.5553
-- Mozzarella 5 - 6#	:: 1.5700 - 2.2150	:: 1.5700 - 2.2150	:: 1.5700 - 2.2150	:: 1.5700 - 2.2150	:: 1.6100 - 2.2150	:: 1.8960	:: 2.1831
-- Grade A Swiss Outs 6 - 9#	:: 2.0000 - 2.6850	:: 2.0000 - 2.6850	:: 2.0000 - 2.6850	:: 2.0000 - 2.6850	:: 2.0000 - 2.6850	:: 2.3425	:: 2.5334
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.3025 - 1.7700	:: 1.1850 - 1.6525	:: 1.2600 - 1.7275	:: 1.3200 - 1.7875	:: 1.3250 - 1.7925	:: 1.5092	:: 2.1235
-- Cheddar Single Dai sies	:: 1.2600 - 1.7200	:: 1.1425 - 1.6025	:: 1.2175 - 1.6775	:: 1.2775 - 1.7375	:: 1.2825 - 1.7425	:: 1.4629	:: 2.1107
-- Cheddar 40# Block	:: 1.4050 - 1.5800	:: 1.2850 - 1.4625	:: 1.3600 - 1.5375	:: 1.4200 - 1.5975	:: 1.4250 - 1.6025	:: 1.4644	:: 2.0841
-- Process 5# Loaf	:: 1.3825 - 1.5575	:: 1.2675 - 1.4425	:: 1.2625 - 1.4375	:: 1.2925 - 1.4675	:: 1.3725 - 1.5475	:: 1.3976	:: 2.0750
-- Process 5# Sliced	:: 1.4025 - 1.6600	:: 1.2875 - 1.5450	:: 1.2825 - 1.5400	:: 1.3125 - 1.5700	:: 1.3925 - 1.6500	:: 1.4589	:: 2.1381
-- Munster	:: 1.4625 - 1.7650	:: 1.3450 - 1.6475	:: 1.4200 - 1.6275	:: 1.4800 - 1.6875	:: 1.4850 - 1.6925	:: 1.5578	:: 2.2117
-- Grade A Swiss Outs 10 - 14#	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.3500 - 2.5500	:: 2.4500	:: 2.4500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.3250 - 1.5850	:: 1.2100 - 1.4700	:: 1.2050 - 1.4650	:: 1.2350 - 1.4950	:: 1.3150 - 1.5750	:: 1.3826	:: 2.0607
-- Cheddar 40# Block	:: 1.3875 - 1.5275	:: 1.2700 - 1.4100	:: 1.3475 - 1.4875	:: 1.4075 - 1.5475	:: 1.4125 - 1.5525	:: 1.4320	:: 2.0530
-- Cheddar 10# Outs	:: 1.5675 - 1.7875	:: 1.4500 - 1.6700	:: 1.5275 - 1.7475	:: 1.5875 - 1.8075	:: 1.5925 - 1.8125	:: 1.6520	:: 2.2752
-- Monterey Jack 10#	:: 1.5775 - 1.7375	:: 1.4600 - 1.6200	:: 1.5375 - 1.6975	:: 1.5975 - 1.7525	:: 1.6025 - 1.7625	:: 1.6314	:: 2.2634
-- Grade A Swiss Outs 6 - 9#	:: 2.2000 - 2.4500	:: 2.2000 - 2.4500	:: 2.2000 - 2.4500	:: 2.2000 - 2.4500	:: 2.2000 - 2.4500	:: 2.3250	:: 2.3675
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.5015 - 1.7094	:: 1.5383 - 1.7513	:: 1.5535 - 1.7686	:: 1.5438 - 1.7338	:: 1.5642 - 1.7064	:: 1.6385	:: 1.9553
-- Atlanta - divd. equiv.	:: 1.5015 - 1.6632	:: 1.5146 - 1.7040	:: 1.5296 - 1.7447	:: 1.5438 - 1.7338	:: 1.5405 - 1.7183	:: 1.6206	:: 1.9447
-- Upper Midwest - f.o.b	:: 1.5824 - 1.6748	:: 1.6507 - 1.7158	:: 1.6670 - 1.7328	:: 1.6566 - 1.7338	:: 1.5998 - 1.7420	:: 1.6778	:: 1.9231
PRICES OF CLASS III CONDENSED SKIM (\$ per lb. wet solids)							
-- Northeast - f.o.b	:: 1.0500 - 1.1100	:: 1.0500 - 1.1100	:: 1.0500 - 1.1100	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 1.0820	:: 0.9941
SPOT PRICES OF CLASS III CONDENSED SKIM (\$ per lb. wet solids)							
-- Northeast - f.o.b	:: 0.8300 - 1.0100	:: 0.8300 - 1.0100	:: 0.8300 - 1.0100	:: 0.8300 - 1.0300	:: 0.8300 - 1.0300	:: 0.9239	:: TFEWR
WISCONSIN FLUID MILK SHIPMENTS							
-- Loads Shipped from Wisconsin Shipping Points	:: 0	:: 2	:: 0	:: 21	:: 21	:: 44	:: 182
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	:: 20.0000 - 33.0000	:: 20.0000 - 33.0000	:: 20.0000 - 33.0000	:: 20.0000 - 33.0000	:: 20.0000 - 33.0000	:: 26.5000	:: 27.9418

MONTHLY SUMMARY AND AVERAGES FOR AUGUST 2000 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	2000	1999
	AUG 01 - 04	AUG 07 - 11	AUG 14 - 18	AUG 21 - 25	AUG 28 - 31	Average or Total	Average or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central (F.o.b.)							
-- Low/Medium Heat	1.0100 - 1.0350	1.0100 - 1.0350	1.0100 - 1.0350	1.0100 - 1.0350	1.0100 - 1.0375	1.0227	1.0384
-- Mostly	1.0150 - 1.0225	1.0150 - 1.0225	1.0150 - 1.0225	1.0150 - 1.0250	1.0150 - 1.0250	1.0192	1.0336
-- West (F.o.b.)							
-- Low/Medium Heat	0.9900 - 1.0225	1.0000 - 1.0225	1.0000 - 1.0225	1.0000 - 1.0225	1.0000 - 1.0225	1.0104	1.0124
-- Mostly	1.0000 - 1.0100	1.0000 - 1.0100	1.0000 - 1.0100	1.0000 - 1.0100	1.0000 - 1.0100	1.0050	1.0116
-- High Heat	1.0300 - 1.0700	1.0300 - 1.0700	1.0300 - 1.0700	1.0300 - 1.0750	1.0300 - 1.0750	1.0510	1.0374
-- Northeast (F.o.b.)							
-- Low/Medium Heat	1.0175 - 1.0500	1.0175 - 1.0500	1.0175 - 1.0500	1.0200 - 1.0500	1.0200 - 1.0500	1.0342	1.0386
-- Mostly	1.0300 - 1.0350	1.0300 - 1.0350	1.0300 - 1.0350	1.0300 - 1.0350	1.0300 - 1.0350	1.0325	1.0368
-- High Heat	1.0700 - 1.1000	1.0700 - 1.1000	1.0700 - 1.1000	1.0800 - 1.1000	1.0800 - 1.1000	1.0870	1.0839
-- Mostly	1.0800 - 1.0850	1.0800 - 1.0850	1.0800 - 1.0850	1.0800 - 1.0850	1.0800 - 1.0850	1.0825	1.0705
-- Southeast (Delvd)							
-- Extra & Grade A	1.0300 - 1.1100	1.0300 - 1.1100	1.0300 - 1.1100	1.0300 - 1.1100	1.0300 - 1.1100	1.0700	1.0961
WHEY POWDER (Nonhygroscopic)							
-- Central (F.o.b.)	0.1600 - 0.2050	0.1600 - 0.2050	0.1600 - 0.2025	0.1600 - 0.2000	0.1600 - 0.1900	0.1804	0.1972
-- Mostly	0.1900 - 0.1975	0.1900 - 0.1950	0.1875 - 0.1925	0.1800 - 0.1900	0.1750 - 0.1850	0.1884	0.1943
-- West (F.o.b.)	0.1725 - 0.2025	0.1725 - 0.2025	0.1725 - 0.2025	0.1725 - 0.2025	0.1700 - 0.2025	0.1873	0.1835
-- Mostly	0.1800 - 0.1875	0.1800 - 0.1875	0.1800 - 0.1875	0.1800 - 0.1875	0.1800 - 0.1875	0.1838	0.1756
-- Northeast Extra Grade (F.o.b.)	0.1975 - 0.2050	0.1975 - 0.2050	0.1975 - 0.2050	0.1950 - 0.2025	0.1850 - 0.1950	0.1988	0.1995
-- Northeast Usph Grade A (F.o.b.)	0.2000 - 0.2100	0.2000 - 0.2100	0.2000 - 0.2100	0.2000 - 0.2100	0.1950 - 0.2050	0.2041	0.2429
-- Southeast Extra Grade (Delvd)	0.2200 - 0.2400	0.2200 - 0.2400	0.2200 - 0.2400	0.2200 - 0.2400	0.2100 - 0.2300	0.2283	0.2253
WHEY PROTEIN CONCENTRATE							
-- Central And West (F.o.b.)							
-- Extra Grade 34% Protein	0.7475 - 0.8125	0.7525 - 0.8075	0.7525 - 0.8050	0.7400 - 0.8025	0.7425 - 0.7875	0.7752	0.4347
-- Mostly	0.7725 - 0.7825	0.7700 - 0.7775	0.7700 - 0.7750	0.7525 - 0.7725	0.7525 - 0.7725	0.7697	0.4447
ANIMAL FEED - WHEY							
-- Central (F.o.b.)							
-- Milk Replacer	0.1450 - 0.1900	0.1450 - 0.1750	0.1400 - 0.1650	0.1400 - 0.1650	0.1300 - 0.1500	0.1546	0.1673
-- Roller Ground	0.1825 - 0.1975	0.1825 - 0.1975	0.1800 - 0.1950	0.1800 - 0.1950	0.1700 - 0.1900	0.1872	0.1864
-- Dextrose	0.3750 - 0.4000	0.3750 - 0.4000	0.3750 - 0.4000	0.3750 - 0.4000	0.3750 - 0.4000	0.3875	0.2875
BUTTERMILK (Min. 30% protein)							
-- Central (F.o.b.)	0.9825 - 1.0200	0.9825 - 1.0200	0.9825 - 1.0200	0.9825 - 1.0200	0.9825 - 1.0200	1.0013	0.7618
-- West (F.o.b.)	0.8800 - 0.9650	0.8800 - 0.9650	0.8800 - 0.9650	0.8800 - 0.9650	0.8800 - 0.9650	0.9225	0.7269
-- Mostly	0.8800 - 0.9000	0.8800 - 0.9000	0.8800 - 0.9000	0.9000 - 0.9200	0.9000 - 0.9200	0.8978	0.7236
-- Northeast (F.o.b.)	0.8800 - 0.9000	0.8800 - 0.9000	0.8800 - 0.9000	0.9000 - 0.9800	0.9300 - 0.9800	0.9122	0.7557
-- Southeast (Delvd)	0.9300 - 0.9550	0.9300 - 0.9550	0.9300 - 0.9550	0.9300 - 0.9850	0.9500 - 0.9850	0.9501	0.7818
WHOLE MILK POWDER							
-- National							
-- National (F.o.b.)	1.2050 - 1.3200	1.2025 - 1.3200	1.2025 - 1.3200	1.2025 - 1.3200	1.2025 - 1.3200	1.2615	1.1405
LACTOSE							
-- Central And West (F.o.b.)	0.1225 - 0.2300	0.1225 - 0.2300	0.1225 - 0.2300	0.1225 - 0.2300	0.1225 - 0.2300	0.1763	0.2050
-- Mostly	0.1700 - 0.1800	0.1700 - 0.1800	0.1650 - 0.1750	0.1650 - 0.1750	0.1650 - 0.1750	0.1720	0.1877
CASEIN - Edible - National (F.o.b.)							
-- Nonrestricted - Rennet	2.1800 - 2.2600	2.1800 - 2.2600	2.1800 - 2.2600	2.1800 - 2.2600	2.1800 - 2.2600	2.2200	1.8125
-- Nonrestricted - Acid	2.1800 - 2.2900	2.1800 - 2.2900	2.1800 - 2.2900	2.1800 - 2.2900	2.1800 - 2.2900	2.2350	1.8275

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

## CHICAGO MERCANTILE EXCHANGE AVERAGES FOR AUGUST 2000

COMMODITY	REPORT NUMBER 31: AUG 1 - 4	REPORT NUMBER 32: AUG 7 - 11	REPORT NUMBER 33: AUG 14 - 18	REPORT NUMBER 34: AUG 21 - 25	REPORT NUMBER 35: AUG 28 - 31	2000 * Average	1999 * Monthly Average
BUTTER*							
-- GRADE AA							
--Monday		1.2000	1.1900	1.1825	1.2200		
--Tuesday							
--Wednesday	1.1800	1.1950	1.1875	1.1750	1.2200		
--Thursday							
--Friday	1.1900	1.1900	1.1850	1.1975		1.1933	1.3929
--Weekly Average**	1.1833	1.1950	1.1875	1.1850	1.2200		
CHEESE*							
-- BARRELS							
--Monday		1.0550	1.0600	1.1450	1.1925		
--Tuesday	1.0650	1.0500	1.0650	1.1550	1.1800		
--Wednesday	1.0600	1.0500	1.0875	1.1600	1.1800		
--Thursday	1.0300	1.0450	1.0875	1.1700	1.1650		
--Friday	1.0600	1.0600	1.0900	1.1800		1.1049	1.7865
--Weekly Average**	1.0580	1.0520	1.0820	1.1620			
-- 40# BLOCKS							
--Monday		1.1875	1.2850	1.2800	1.3000		
--Tuesday	1.1500	1.1950	1.2825	1.2800	1.2700		
--Wednesday	1.1400	1.2100	1.2800	1.2800	1.2750		
--Thursday	1.1100	1.2400	1.2800	1.2975	1.2850		
--Friday	1.1750	1.2750	1.2800	1.3000		1.2460	1.8943
--Weekly Average**	1.1450	1.2215	1.2815	1.2875			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		1.0300	1.0300	1.0300	1.0300		
--Tuesday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Wednesday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Thursday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Friday	1.0300	1.0300	1.0300	1.0300		1.0300	1.0230
--Weekly Average**	1.0300	1.0300	1.0300	1.0300			
-- GRADE A							
--Monday		1.0300	1.0300	1.0300	1.0300		
--Tuesday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Wednesday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Thursday	1.0300	1.0300	1.0300	1.0300	1.0300		
--Friday	1.0300	1.0300	1.0300	1.0300		1.0300	1.0500
--Weekly Average**	1.0300	1.0300	1.0300	1.0300			

\* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

\*\* Weekly averages are simple averages of the closes during the calendar

week and are for information purposes. Should the week be

split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

**AUGUST 2000 DEIP BID ACCEPTANCES**

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
<b>NONFAT DRY MILK</b>				
JULY 2000		12,750		
AUGUST 1 - 31, 2000		<u>0</u>		
<b>WHOLE MILK POWDER</b>				
JULY 2000		0		
AUGUST 1 - 31, 2000		<u>0</u>		
<b>CHEESE</b>				
JULY 2000		3,030*		
AUGUST 1 - 31, 2000		<u>0</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V - VARIETAL				
<b>BUTTERFAT</b>				
JULY 2000		0		
AUGUST 1 - 31, 2000		<u>0</u>		
<b>A-ANHYDROUS MILKFAT, B-BUTTER</b>				
TOTAL MT				PROGRAM TO DATE
TOTAL BONUS VALUE				15,780
				\$5,692.000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

\* Program year allocations are filled

## JUNE FLUID MILK SALES

During June, about 4.1 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 0.5 percent lower than June 1999. On an individual product basis, sales of whole milk, reduced fat (2%) milk, and low fat (1%) milk increased from June 1999, while sales of fat-free (skim) milk and buttermilk decreased from a year earlier. Total fluid milk sales for the January-June 2000 period were 0.6 percent lower than the same period last year. Data for 1999 have been adjusted for changes in the FMO marketing areas due to order consolidation (see 2/ below) and data for both years have been adjusted for calendar composition.

**PACKAGED SALES OF FLUID MILK PRODUCTS IN MARKETING AREAS DEFINED BY  
FEDERAL MILK ORDERS AND CALIFORNIA, JUNE 2000, WITH COMPARISONS 1/**

Product Name	Sales		Change from: <u>2/</u>	
	Jun	Year to date	Previous Year	Year to Date
	Mil.lbs		Percent	
Whole Milk <u>3/</u>	1,502	9,126	1.4	1.6
Reduced Fat Milk (2%)	1,313	8,059	0.4	-0.9
Low Fat Milk (1%) <u>4/</u>	568	4,166	1.9	3.2
Fat-Free Milk (Skim)	635	3,975	-7.1	-7.6
Buttermilk	48	293	-0.9	1.8
Total Fluid Milk Products <u>5/</u>	4,073	25,675	-0.5	-0.6

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. 2/ Data for 1999 have been estimated based on the change in population within Federal milk order marketing areas that has occurred as a result of the new consolidated marketing areas that came into effect in January 2000. Percent changes are based on this estimated 1999 data. Percent changes also have been adjusted for calendar composition, including the extra day in February 2000. 3/ Includes flavored whole milk. 4/ Includes flavored fat-reduced milk. 5/ Includes miscellaneous products.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

## CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/
MAY 2000	167.3	2.2	159.6	2.2	156.1	3.7	162.1	0.9	132.9	-4.8	153.9	4.9
JUN 2000	167.3	2.3	159.5	2.2	156.9	4.9	161.7	1.1	137.5	-4.4	154.9	5.2
JUL 2000	168.1	2.6	160.5	3.1	158.9	6.9	161.4	1.3	137.8	-6.7	155.8	5.8
<b>U.S. City Average Retail Prices</b>												
Month	Whole Milk 4/		Lowfat Milk 4/		Butter 5/		Process Cheese		Natural Cheese		Ice Cream 8/	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	Dollars											
MAY	2.782	2.716	2.714	2.651	2.379	2.546	3.692	3.806	3.740	3.721	3.347	3.195
JUNE	2.763	2.704	2.637	2.640	2.525	2.648	3.822	3.779	3.758	3.672	3.546	3.306
JULY	2.781	2.706	2.666	2.628	2.718	2.670	3.828	3.738	3.823	3.803	3.461	3.238

NA = Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

## COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS-APRIL-JUNE AND YEAR-TO-DATE 1999-2000 1/

Item	Apr.-Jun. 1999	Percent change 4/	Apr.-Jun. 2000	Percent change 4/	Jan.-Jun. 1999	Percent change 4/	Jan.-Jun. 2000	Percent change 4/
	Million Pounds							
<b>MILK</b>								
Production	42,029	3.1	43,150	2.7	82,534	3.3	85,743	3.3
Marketings	41,688	3.1	42,819	2.7	81,856	3.3	85,081	3.4
Beginning Commercial Stocks 2/	8,164	34.0	8,638	5.8	5,274	7.9	6,135	16.3
Imports 2/	956	-7.1	1,209	26.5	2,092	20.8	2,161	3.3
Total Supply 3/	50,808	6.9	52,666	3.7	89,222	3.9	93,377	4.1
Ending Commercial Stocks 2/	9,191	38.2	10,184	10.8	9,191	38.2	10,184	10.8
Net Removals 2/	75	19.0	262	249.3	151	-44.5	535	254.3
Commercial Disappearance 3/	41,542	1.8	42,220	1.6	79,880	1.2	82,658	2.9
<b>SELECTED PRODUCTS 5/</b>								
Butter	316.3	6.4	279.7	-11.6	615.7	1.2	600.4	-3.1
American Cheese	869.6	2.6	912.2	4.9	1,710.8	2.6	1,790.8	4.1
Other Cheese	1,149.4	3.9	1,255.7	9.2	2,196.4	3.2	2,403.6	8.9
Nonfat Dry Milk	179.3	-15.7	192.7	7.5	384.9	-12.6	348.1	-9.9
Fluid Milk Products 6/	13,618.8	1.4	13,456.5	-1.2	27,601.5	0.8	27,607.4	-0.5

NA = Not available.

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.

## CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF AUGUST 28 - SEPTEMBER 1			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/99	LAST YEAR	08/25/00	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	1,162,919	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	198,000	-0-	198,000	5,781,600	-0-	-0-	-0-
TOTAL	198,000	-0-	198,000	6,944,519	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	7,459,181	1,150,307	6,308,874	445,498,849	177,345,680	-0-	-0-
Fortified	1,035,882	-0-	1,035,882	12,628,476	2,223,406	-0-	-0-
TOTAL	8,495,063	1,150,307	7,344,756	458,127,325	179,569,086	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF AUGUST 28 - SEPTEMBER 1, 2000 =	3.4	87.5	COMPARABLE WEEK IN 1999 =	0.5	24.1
CUMULATIVE SINCE OCTOBER 1, 1999 =	164.9	5,401.4	CUMULATIVE SAME PERIOD LAST YEAR =	39.5	2,090.2
CUMULATIVE JANUARY 1 - SEPTEMBER 1, 2000 =	153.7	4,808.2	COMPARABLE CALENDAR YEAR 1999 =	39.5	2,089.0

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

## CCC ADJUSTED PURCHASES FOR THE WEEK OF AUGUST 28 - SEPTEMBER 1, 2000 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	198,000	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	6,308,874	1,035,882
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

## CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MIDWEST	-0-	-0-	6,863,991	-0-	45,752,490	15,434,971	44.5	8.6
WEST	-0-	-0-	80,528	-0-	407,434,575	164,134,115	54.8	91.4
EAST	-0-	-0-	-0-	-0-	4,940,260	-0-	0.7	0.0
TOTAL	-0-	-0-	6,944,519	-0-	458,127,325	179,569,086	100.0	100.0

## SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JULY 31, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

## DOLLARS PER POUND

BUTTER: Bulk \$.6680; 1# Prints \$.6980

CHEESE: 40 &amp; 60# Blocks \$1.1220; 500# Barrels \$1.0920; Process American 5# \$1.1745; Process American 2# \$1.2145

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

## Dairy Cow &amp; Total Cow Slaughter under Federal Inspection, by Regions &amp; U.S., for Week Ending 08/12/00 &amp; Comparable Week 1999 1/ 2/

U.S. TOTAL														% DAIRY OF ALL	
Regions*	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1	
2000-Dairy cows HD (000)	0.3	0.9	5.9	4.6	18.6	2.3	0.9	0.7	8.9	2.8	45.8	1,624.7	49.4	48.8	
1999-Dairy cows HD (000)	0.2	1.0	6.7	5.3	18.6	2.4	3.8	0.7	9.7	2.7	51.2	1,589.4	47.5	46.0	
2000-All cows HD (000)	0.3	1.1	8.0	12.1	26.5	13.2	11.2	3.6	11.5	5.4	92.8	3,329.3			
1999-All cows HD (000)	0.3	1.1	9.3	13.7	26.5	14.8	19.0	3.4	12.7	6.9	107.7	3,457.3			

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

## BASIC FORMULA PRICE (BFP) (3.5% BF, \$/CWT, FOR COMPARISON PURPOSES ONLY)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

## FEDERAL MILK ORDER CLASS PRICES FOR 2000 (3.5% BF)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84			
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58	12.56				
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13				
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87	11.87				

1/ Specific order differentials to be added to this base price are located at: [www.ams.usda.gov/dairy/fmor\\_announce.htm](http://www.ams.usda.gov/dairy/fmor_announce.htm)